

# Chapter 4

## BUSINESS STUDIES

The following report should be read in conjunction with Business Studies question paper of the November 2019 Examinations.

### 4.1 PERFORMANCE TRENDS (2015–2019)

The number of candidates who wrote the Business Studies examination in 2019 decreased by 5 299 compared to that of 2018. However, there was a pleasing improvement in the pass rate this year. Candidates who passed at the 30% level comprised 71% of the cohort in comparison to 65,9% in 2018. Candidates who achieved more than 40% in 2019 comprised 46,2% of the cohort compared to 40,1% in the previous year.

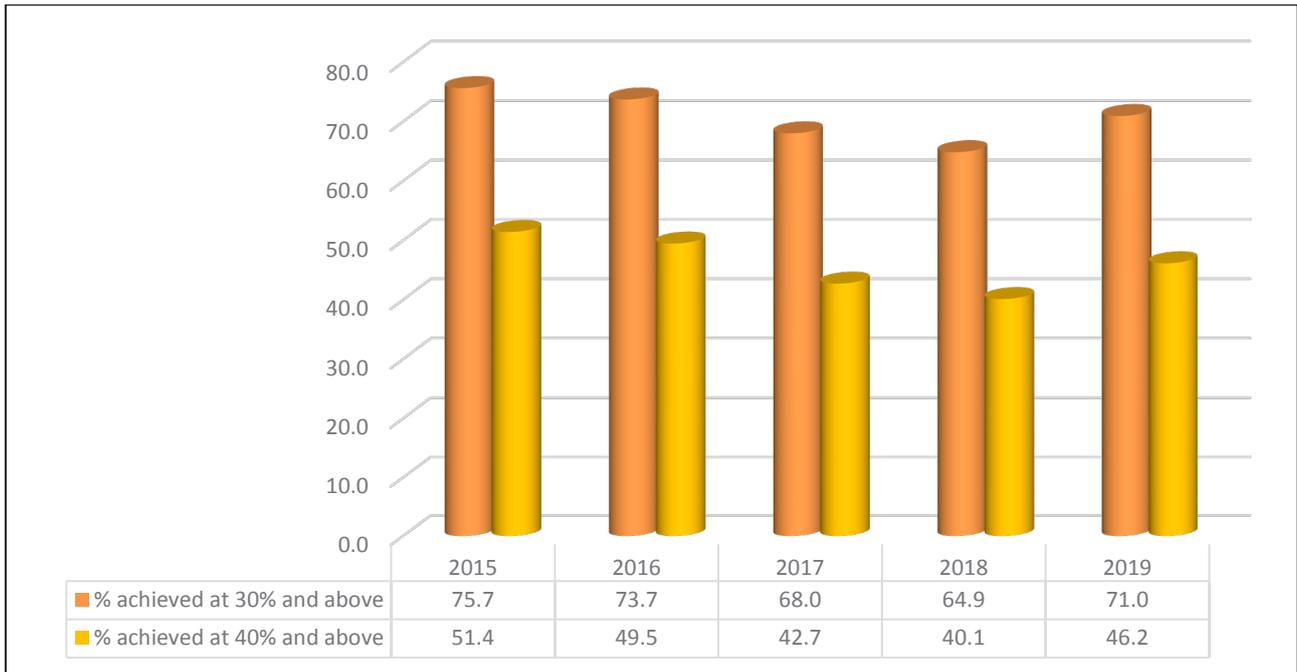
The 2019 results halted the declining trend of the past four years. An increase in the level of performance could be attributed to an improved quality of teaching and assessment in the classroom, and to teachers and subject advisors who may have developed and implemented creative intervention strategies.

**Table 4.1.1 Overall Achievement Rates in Business Studies**

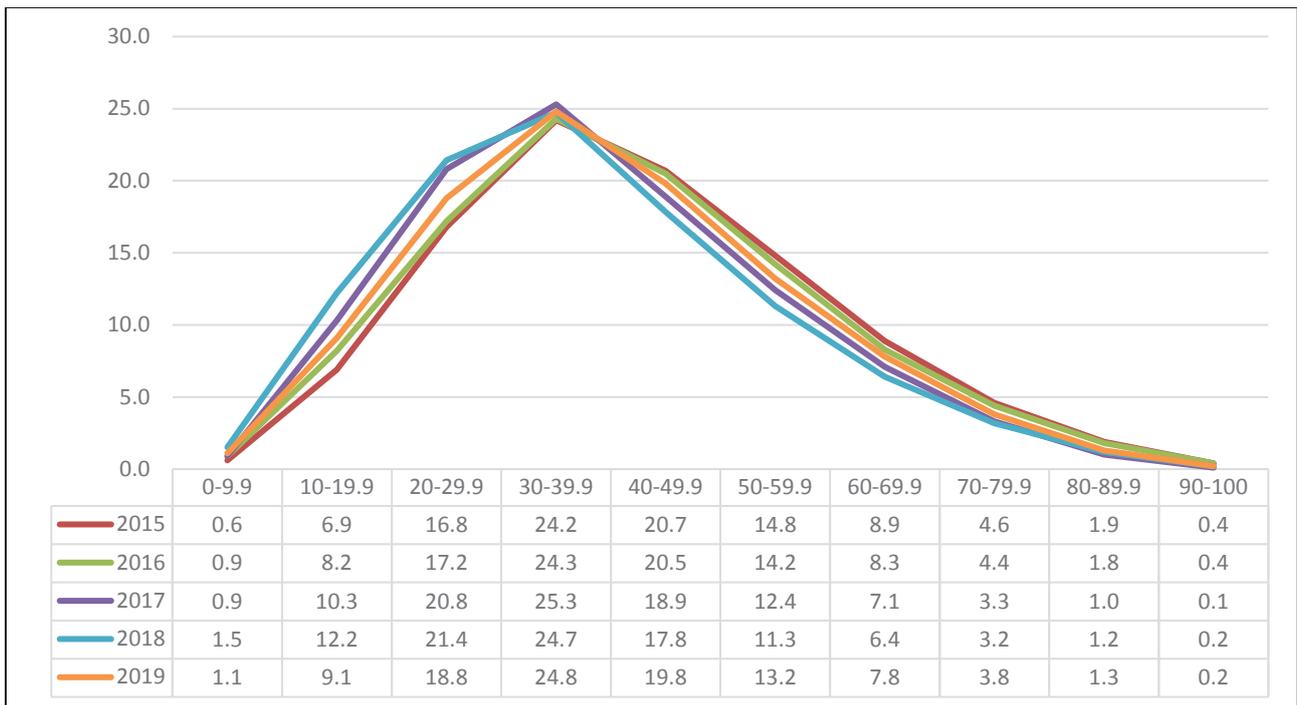
Year	No. wrote	No. achieved at 30% and above	% achieved at 30% and above	No. achieved at 40% and above	% achieved at 40% and above
2015	247 822	187 485	75,7	127 453	51,4
2016	234 894	173 195	73,7	116 225	49,5
2017	204 849	139 386	68,0	87 535	42,7
2018	192 139	124 618	64,9	77 105	40,1
2019	186 840	132 571	71,0	86 242	46,2

The past five years have reflected a gradual decline in the overall results. However, encouraging improvements have been noticed in 2019, particularly in certain main topics such as Business Environments, Business Ventures and Business Roles. Many candidates did not perform well on Quality of Performance and some did not choose this topic. Teachers should note that this topic will always be assessed in all NSC/SC papers, as it forms part of Business Operations as a main topic. Moreover, it will be compulsory for all learners to answer this topic in the 2020 NSC Paper 1.

**Graph 4.1.1 Overall Achievement in Business Studies (Percentage)**



**Graph 4.1.2 Performance Distribution Curve in Business Studies (Percentage)**



## 4.2 OVERVIEW OF LEARNER PERFORMANCE

### General Comments

- (a) Section A, Q1.1 and Q1.2, was generally not answered well by some candidates. Many of these questions required a combination of basic content knowledge and insight.
- (b) It is still evident that candidates are not familiar with relevant action verbs, especially in Section B questions. They continue to 'name' instead of 'explain/discuss', and subsequently lose marks on these questions.
- (c) Many candidates lost marks for failing to identify and provide the correct concepts from given scenarios to motivate their responses.
- (d) Candidates also tend to provide vague and incomplete responses to middle- and higher-order questions that require full sentences.
- (e) Essay questions (Q7, Q8 and Q9) consisting of subquestions that required candidates to name and explain certain facts were intended to be easy for weaker candidates. However, some candidates were not able to name the simple concepts as required.
- (f) The performance in the topic Business Operations (Q5, Q6 and Q10) was disappointing, especially as some subquestions also appeared in the 2018 NSC question paper. Examples include Q5.5, Q5.7, Q5.3, Q5.8, Q6.11, Q10.2, Q10.3 and Q10.5.
- (g) The inappropriate responses to questions requiring an application of knowledge and content suggests that candidates are not being exposed to indirect higher-order questions during the academic year. This concern was also noted in the 2018 diagnostic report.
- (h) Some candidates did not attempt Q5.5, Q5.6, Q5.7, Q5.8 and Q5.9. These questions were based on Quality of Performance. It appears that candidates were only adequately prepared to answer questions on the Human Resources functions (Q5.1, Q5.2, Q5.3 and Q5.4), creating the impression that Quality of Performance was not adequately addressed during the academic year.
- (i) Many candidates struggled to provide original and topical examples of the latest developments in the subject, and subsequently lost the 2 marks allocated for originality in essay questions.

### General Suggestions for Improvement

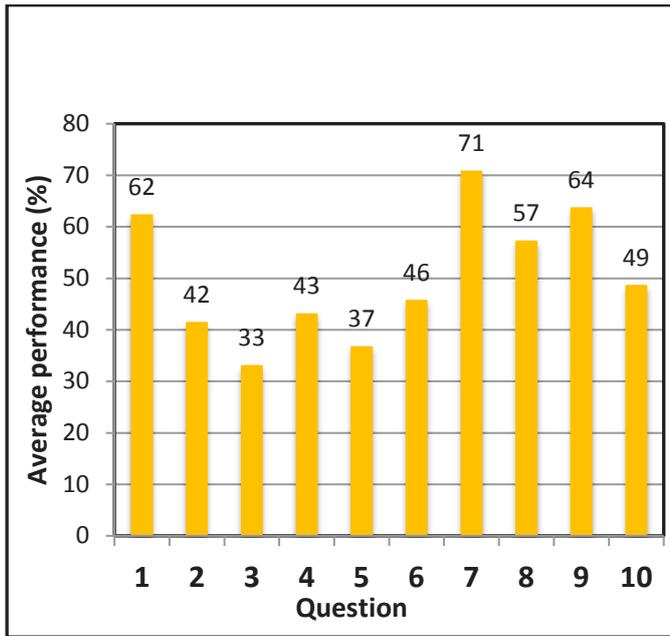
- (a) Teachers are advised to include indirect questions in Section A, in both formal and informal assessment tasks. It should be noted that although Section A consists of level 1- and 2-type questions, the level of difficulty should range from easy to difficult.
- (b) It is advised that notes 12.1 and 12.2 of the 2019 November Marking Guidelines (p.6) be pasted in learners' books as they provide clear guidelines on how to respond to action verbs and to the nature and context of each question.
- (c) Informal and formal assessment tasks must include direct and indirect middle- and higher-order questions. Learners must be alerted on how these questions are marked.

- (d) The rationale behind scenarios is to assess learners' ability to quote certain facts verbatim and/or identify concepts from scenarios. As such, the motivation provided will always depend on the correct identification of concepts.
- (e) Learners must be trained to provide complete responses on questions that require middle- and higher-order thinking skills. Teachers should then mark these questions objectively using the guidelines as per note 12.1 and 12.2 of the 2019 marking guidelines. Ticks must be placed/split appropriately and regular feedback must be given to learners.
- (f) Teachers must use practical examples and demonstrations to elaborate on the meaning of concepts. This practice would assist learners with the ability to name concepts and explain their meaning.
- (g) Business Operations must be taught in detail and adequately assessed during the academic year. This topic is pitched as a compulsory component in Paper 1 in Sections A,B and C in 2020.
- (h) Past NSC question papers should be used as a guideline when setting questions. Teachers are encouraged to set new creative questions. These must, however, be used within the scope, context and nature of a question, which may vary from year to year.
- (i) Learners should be encouraged to conduct research on topics that are dynamic and require recent, up-to-date information, such as Legislation and Insurance Products.
- (j) In placing greater emphasis on the learning of appropriate terminology related to the various topics, teachers should use the following strategies to improve their teaching:
- Use new terms in every lesson, elaborate on the meaning and context of each and create a glossary.
  - Illustrate the meaning of new terms by using them in context, in sentences and in short scenarios.
  - Encourage learners to be attentive during lessons, to spot new terms and to find their meanings in a dictionary or textbook. This may form the basis of an informal class 'competition'.
  - Include Business Studies terminology in all informal assessment tasks and when teaching.
  - The meanings of verbs that are commonly used in Business Studies should be pasted in the learners' books.
  - Copies of examination guidelines must be given to the learners. They must also be advised on the requirements or expectations of key verbs in each subtopic.

### 4.3 DIAGNOSTIC QUESTION ANALYSIS

Graph 4.3.1 is based on data from a random sample of candidates. While this graph might not accurately reflect national averages, it is useful in assessing the relative degree of challenge of each question, as experienced by candidates.

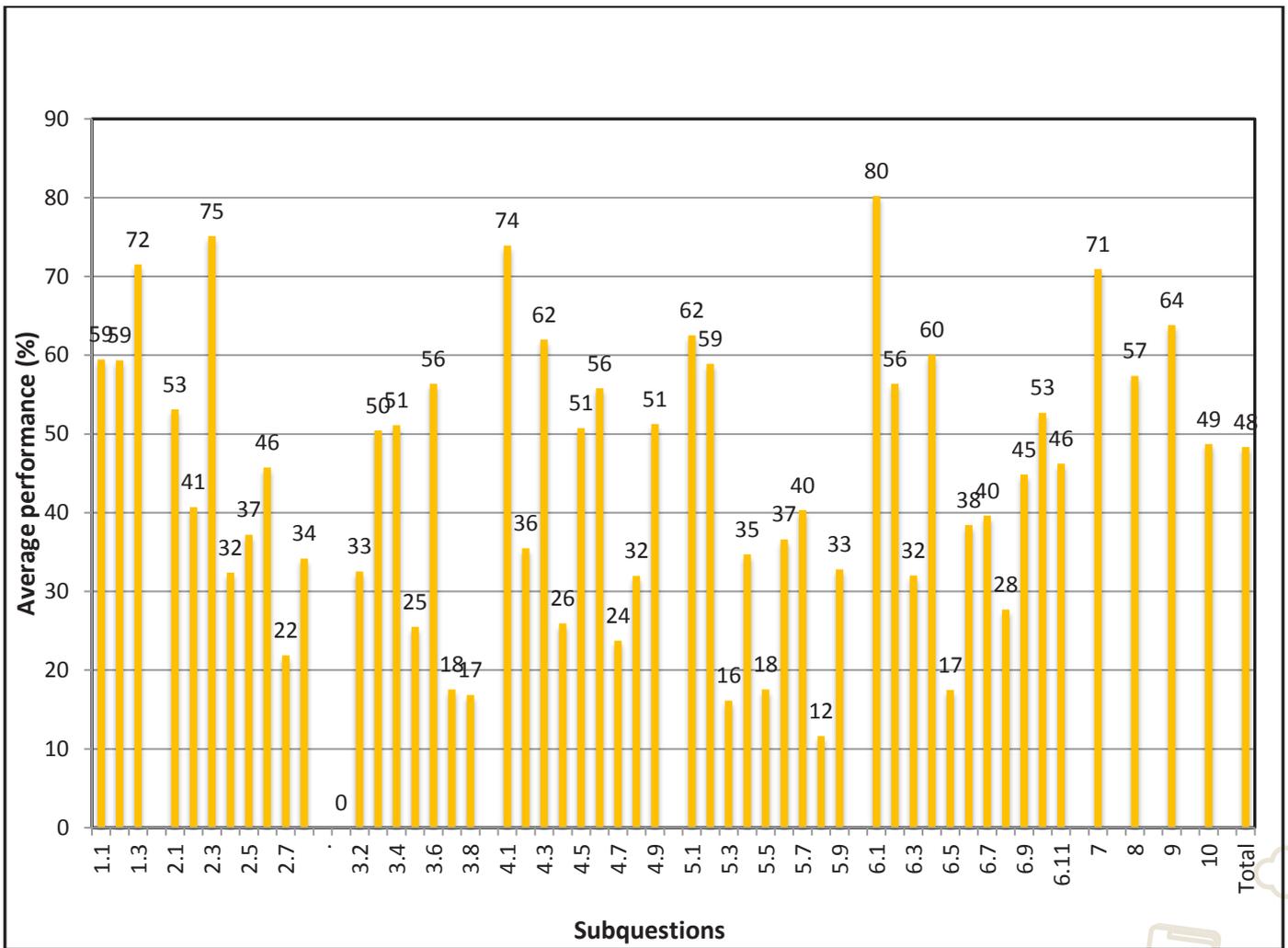
**Graph 4.3.1 Average Performance per Question Expressed as a Percentage**



<b>Section A: Compulsory</b>	
<b>Q1</b>	Multiple choice, choosing correct words and matching columns
<b>Section B: Choice questions (Any three)</b>	
<b>Q2</b>	Business Environment
<b>Q3</b>	Business Ventures
<b>Q4</b>	Business Roles
<b>Q5</b>	Business Operations
<b>Q6</b>	Miscellaneous
<b>Section C: Choice questions (Any two)</b>	
<b>Q7</b>	Business Environment: Business Strategies
<b>Q8</b>	Business Ventures: Insurance & Presentation
<b>Q9</b>	Business Roles: Team Performance & Conflict Management
<b>Q10</b>	Business Operations: Quality of Performance



**Graph 4.3.2 Average Performance per Subquestion as a Percentage**



Topics/Aspects	
1.1	Multiple choice
1.2	Missing words
1.3	Match columns
2.1	Diversification strategies
2.2	SETAs
2.3	Leave provisions
2.4	LRA
2.5	CPA consumer rights
2.6	BBBEE
2.7	PESTLE elements
2.8	EEA
3.1	Preference shares
3.2	Unit trusts
3.3	Leadership styles
3.4	Importance of insurance
3.5	Investment factors
3.6	Average clause
3.7	Non-profit company

Topics/Aspects	
3.8	Public company
4.1	Problem-solving steps
4.2	Health and safety reps
4.3	Diversity issues
4.4	Delphi technique
4.5	Creative thinking
4.6	CSI
4.7	King Code principles
4.8	Unethical issues
4.9	Cultural rights
5.1	External recruitment
5.2	Job analysis
5.3	SDA/HR
5.4	Fringe benefits
5.5	Quality performance
5.6	Business functions
5.7	TQM poorly implement
5.8	TQM element.

Topics/Aspects	
5.9	Purchasing function
6.1	Business environments
6.2	COIDA
6.3	Investment opportunities
6.4	JSE
6.5	Situational leadership
6.6	Team performance
6.7	HIV/AIDS
6.8	Creative thinking
6.9	PDCA model
6.10	Employment contracts
6.11	Induction
7	Business strategies
8	Presentation and insurance
9	Teamwork/Conflict
10	Total quality management

## 4.4 ANALYSIS OF LEARNER PERFORMANCE IN INDIVIDUAL QUESTIONS

### SECTION A: MULTIPLE-CHOICE/SHORT ANSWER QUESTIONS

#### QUESTION 1: COMPULSORY (MULTIPLE CHOICE, CHOOSING CORRECT WORDS AND MATCHING ITEMS)

The performance of candidates in this question was fair. Some candidates made incorrect choices, mainly due to the lack of ability to respond to questions that required an application of content knowledge and insight.

#### Common Errors and Misconceptions

- (a) Many candidates confused the National Credit Act/NCA with the Consumer Protection Act/CPA in Q1.1.1. The word 'consumer' in the question was incorrectly interpreted.
- (b) Poor performance was evident in Q1.1.4, as some candidates confused the laissez-fair/free-reign leadership with other leadership styles that were used as distractors in this question.
- (c) In Q1.1.7 some candidates confused the nominal group technique with brainstorming. This could be due to them not carefully reading the first part of the statement.
- (d) Many candidates had difficulty in identifying 'employee wellbeing' in Q1.1.8. Many opted for the incorrect answer of option C.
- (e) In Q1.1.10 some candidates still confused the concept of 'placement' with 'recruitment'.
- (f) Many candidates confused the responsibility of employers to provide necessary equipment for workers with the roles of health and safety representatives in Q1.2.3.
- (g) In Q1.2.4 many candidates confused the meaning of 'quality' with 'quality management system', possibly due to this question being asked for the first time in the Grade 12 NSC examination, even though it is covered in Grades 10 and 11.
- (h) Many candidates confused the meaning of 'ethical behaviour' with 'professional behaviour' in Q1.3.3. It is evident that teachers have not implemented recommendations on how to teach this content as outlined in the 2015–2017 national diagnostic reports on learner performance.

#### Suggestions for Improvement

- (a) A clear distinction must be made between the NCA and CPA in terms of the purpose of EACH Act. It must be emphasised that the NCA focuses on credit granting, while the CPA focuses on 'products and marketing'. This will enhance learners' understanding of the content and the purpose of each Act.

- (b) The differences between types of leadership styles must be clearly outlined. The focus must be on the meaning and application of each leadership style. Practical examples and demonstrations can be used to illustrate how each style would be applied in a business.
- (c) It is essential that learners grasp the meaning of the nominal group technique before they are taught the application of this technique. Key words such as 'silent/small' and 'aloud/large' can be effectively used to distinguish between the nominal group technique and brainstorming respectively.
- (d) Teachers must include questions that relate to recommendations and suggestions when addressing the formal or informal assessment tasks in Section A.
- (e) Human resource activities must be taught in a sequential order and the link between these activities should be clearly illustrated. The 2020 examination guidelines refer to this aspect.
- (f) In teaching health and safety representatives, teachers must spend time explaining the meaning before proceeding to their roles in protecting the workplace environment. Learners must realise that, as the health and safety representatives are also employees, it would not be their responsibility to provide protective clothing gear and to maintain equipment. They are, however, expected to ensure that the employer perform these tasks.
- (g) All concepts related to 'quality' must be taught in detail using practical examples to enhance understanding.
- (h) The school's code of conduct can be used as a real-life example to explain the differences between ethics and professionalism.

## **SECTION B: LONGER AND PARAGRAPH QUESTIONS, USING CASE STUDIES AND INFORMATION (THREE QUESTIONS TO BE ANSWERED)**

### **QUESTION 2: BUSINESS ENVIRONMENT**

The performance of candidates who attempted this question was average, even though this question only consisted of three subtopics as per the CAPS requirements.

#### **Common Errors and Misconceptions**

- (a) In Q2.1 many candidates were able to name the types of diversification strategies, but some confused these strategies with integration strategies.
- (b) Candidates had difficulty in outlining the role of SETAs. They confused this topic with either the purpose or advantages of the Skills Development Act in Q2.2. Some responses incorrectly focused on how SETAs are funded. Others responses were vague and incomplete. The action verb, 'Outline' required candidates to write complete sentences.
- (c) In Q2.3.3 many candidates did not write the full name of family responsibility leave, as many responses were based on 'family leave'. Others could not identify 'annual leave' from the given statements.

- (d) Poor performances was noted in Q2.4 as many responses were based on the functions of trade unions and also on the rights of employees according to the Labour Relations Act. Some candidates confused this question with the purpose of the Employment Equity Act.
- (e) Some candidates did not correctly mention consumer rights as stipulated by the Consumer Protection Act in Q2.5. The explanation of each right was used as a heading instead of naming the consumer right. Others confused consumer rights with either human rights or consumer rights in terms of the National Credit Act/NCA.
- (f) While some candidates were able to identify the Broad-Based Black Economic Empowerment (BBBEE) in Q2.6.1, they missed the word 'economic' or 'empowerment'.
- (g) In Q2.6.2 many candidates confused ownership with 'employment equity'. It appears that the word 'previously disadvantaged' people is always associated with the 'Employment Equity Act' (EEA). While some confused 'ownership' with 'management', others simply mentioned 'shares' instead of 'ownership'.
- (h) Many candidates did not attempt to answer Q2.7. Those who answered this question focused on the impact of crime as the only social challenge to businesses. Some simply gave examples of economic and social factors, while others suggested strategies on how businesses could deal with these factors. Many candidates merely explained the meaning of socio-economic issues instead of how they pose challenges to businesses.
- (i) Q2.8 was poorly answered by many candidates despite the fact that it has been asked many times in previous NSC examinations. Some responses made incorrect references on how businesses could deal with diversity issues in the workplace.

### Suggestions for Improvement

- (a) Learners must be encouraged to use practical examples when explaining the meaning of diversification and integration strategies. Teachers should explain the rationale for the implementation of these strategies to enhance their understanding.
- (b) It should be clearly explained that SETAs are the implementers of the Skills Development Act, as they devise systems for its operation. Learners must be made aware that SETAs do not provide training. Key words such as 'sector skills plan', 'grants', 'monitor', 'learnerships' and 'training material' can be used to assist learners to formulate meaningful statements on this topic. There is a need for subject advisors to conduct follow-up workshops on this topic, as candidates' performance is still poor despite the question being asked in the 2018 November examination.
- (c) Learners must be taught to write the correct and full name of each provision of the BCEA. Direct and indirect assessment methods can be effectively used in providing learners with the necessary skills to identify these provisions from the given statements and scenarios. Alternative and incomplete responses must not be accepted during the academic year.
- (d) Teachers must address the Labour Relations Act within the framework of the relationship between the employer organisation and trade unions and not through the functions of the latter. It must be stressed that the main aim of this Act is to promote labour peace in the workplace rather than to focus on lockouts and strikes.

- (e) The difference between the Consumer Protection Act and the National Credit Act must be clearly outlined and explained. This should afford learners a better understanding of consumer rights as they apply to the CPA and NCA.
- (f) The rationale behind the pillars of BBBEE is to ensure full participation of the previously disadvantaged people in the economy of the country. Learners must be informed that all eight Acts are aimed at redressing past imbalances. As such, the phrase 'previously disadvantaged people' is likely to be used in all these Acts. Source-based and indirect questions must be administered to address this topic during the academic year.
- (g) Teachers must devise strategies to illustrate how PESTLE factors can pose challenges to businesses and initiate class discussions for suggestions to deal with challenges. It must be pointed out that quoting examples of PESTLE factors is covered in Grade 10 and will not meet the level of complexity expected in the Grade 12 context.
- (h) The purpose and the impact of the Employment Equity Act must be understood by learners before dealing with the ways in which businesses can comply with this Act. Short class tests must be used to determine progress before moving to subsequent sections.

### QUESTION 3: BUSINESS VENTURES

Performance of candidates ranged from poor to average. Four of the subquestions, which added to 32 of the 60 marks, were not asked in NSC question papers over the past three years. This could have contributed to the poor performance noted.

#### Common Errors and Misconceptions

- (a) Although candidates generally performed well in Q.3.1, some confused the types of preference shares with the types of shares.
- (b) In Q3.2 many candidates provided vague and general statements on the advantages of unit trusts. While some candidates based their responses on either advantages of savings or managed portfolio, others explained the meaning of unit trusts and the functions of the RSA Retail Savings Bonds.
- (c) Many candidates provided unclear responses on the impact of the democratic leadership style in Q3.3.2. Some incorrectly linked the democratic leadership style with the role of personal attitude or confused it with the autocratic leadership style. It appears that candidates were not familiar with the style of setting, whereby the follow-on question is independent of the scenario.
- (d) Some candidates repeated facts on the advantages of insurance and some responses were based on the meaning of reinstatement and indemnification in Q3.4. Some responses were based on the advantages of insurance on individuals instead of businesses. Some candidates confused this question with either the principles of insurance or COIDA as a compulsory insurance.
- (e) Many candidates did not attempt Q3.5.1 Those who did, confused the meaning of return on investment with the period of investment.

- (f) In Q3.5.2 some candidates could not elaborate on the meaning of 'liquidity', while others confused this concept with the meaning of 'liquidation' as a business strategy.
- (g) A small percentage of candidates did not attempt Q3.6.1. A common error noted was the confusion of the average clause with under-insurance, even though the word 'clause' appeared on the question.
- (h) In Q3.6.2 many candidates used the incorrect formula of dividing the market value by the insured value, to calculate the average clause. This error resulted in the loss of 4 marks, as it affected the final answer. Candidates who got the final answer incorrect also neglected to provide the formula and show workings.
- (i) Poor performance was observed in Q3.7 as many candidates confused the advantages of a non-profit company with the state-owned company. Others confused this question with the impact of CSI on businesses.
- (j) Many candidates did not attempt to answer Q3.8. Some simply provided general statements on the contribution of management and legislation to the success and/or failure of a public company. Some responses focused on the characteristics of a public company and failed to link them to success and/or failure factors. Only a few candidates were able to explain how these criteria would influence the success and/or failure of a public company. Some inappropriate and irrelevant responses included the differences between 'management' and 'leadership' and the duties of a manager.

## Suggestions for Improvement

- (a) The different types of preference shares and types of shares must be tabulated and discussed. Learners' ability to list, state, name and explain the different types of preference shares and to identify these concepts from given statements/scenarios can be assessed through aspect testing. Practical examples and demonstrations are also useful tools to achieve the desired level of understanding.
- (b) The differences between unit trusts and RSA Retail Savings Bonds must be clearly explained. Key words such as 'risk', 'registration', 'access', 'amount' and 'interest' must be used to differentiate between these types of investments.
- (c) The definition of each leadership style and the settings in which each style can be applied must be adequately taught and assessed during the academic year. This will enhance learners' understanding of the impact of each style in the business environment.
- (d) Teachers should focus on the importance and advantages of insurance on businesses rather than on individuals. Terms such as 'transfer of risks' and 'protect businesses' must be explained in the relevant context, with the emphasis being on how businesses benefit from insuring their assets. Here again, it is vital that learners be encouraged to write full sentences when explaining the importance of insurance.
- (e) Investment decision factors must be linked to the decisions to invest. Teachers must provide examples of types of investment that are relevant to each investment decision. Learners can also take responsibility for their own learning to conduct research on each type of investment so that they can better understand the link between investment decisions and types.

- (f) Teachers should make learners aware that the concepts of 'liquidity' and 'liquidation' are from entirely different topics, although they are almost similar in pronunciation but the meaning is different.
- (g) It must be emphasised that the term 'average clause' is applied when goods or assets are underinsured. Learners are expected to be able to calculate the average clause using the correct formula, i.e. the amount insured divided by the value of the property multiplied by the damage. The reason for starting with the amount insured should be explained, as this indicates the impact of under-insurance. Learners must be reminded that the formula and the workings are allocated part-marks and must be clearly shown.
- (h) Teaching and learning should also focus on the impact of non-profit companies with specific reference to key words such as 'income', 'donations', 'tax', 'existence', 'grants', 'directors' and 'legal personality'. It is important to note that this form of ownership is different from the state-owned companies, even though some NPCs also provide essential services at no cost.
- (i) The criteria that contribute to the success and/or failure of each form of ownership must be explained in conjunction with their respective characteristics, advantages and disadvantages. It is, therefore, imperative that teachers recap and revise the latter before teaching the success and/or failure factors in each form of ownership.

#### QUESTION 4: BUSINESS ROLES

This question was a popular choice, probably due to many subquestions being asked in recent past papers, albeit phrased differently. The performance ranged from fair to good.

#### Common Errors and Misconceptions

- (a) Although Q4.1 was answered well by many candidates, some confused the problem-solving steps with either the problem-solving techniques or conflict resolution steps. Some responses were based on either the strategic management process or stages of team development, which appear in Q9 of this paper.
- (b) Many candidates confused Q4.2 with either the responsibility of employers in protecting the workplace environment or strategies on how businesses can promote the health and safety of employees in the workplace.
- (c) In Q4.3 some candidates could not correctly identify the diversity issues applicable in the given scenario. They lost marks for motivation that were not linked to the diversity issue.
- (d) Many candidates could explain the application of a Delphi technique in the workplace, but provided incomplete responses in Q4.4 and lost valuable marks. Some responses were inappropriately based on either the advantages of the Delphi technique or creative thinking in the workplace. Others incorrectly perceived employees as experts who must complete a questionnaire.

- (e) In Q4.5 many candidates provided vague, incomplete responses on the advantages of creative thinking in the workplace. Some simply discussed the importance of brainstorming, which was not a requirement of the question. Certain responses were limited to 'employees bring new and innovative ideas', and others on the 'benefits of diversity in the workplace'. This topic has been a challenge since the inception of NCS and NSC/CAPS.
- (f) Poor performance was noted in Q4.6.2 as some candidate confused the impact of CSI on businesses with communities. Others provided incomplete responses, such as increased profitability and market share. There were also instances where candidates either repeated words that were used in the scenario or gave other examples of CSI projects. These were not relevant to answering this question.
- (g) Many candidates showed little or no understanding of how transparency and accountability can be applied in the workplace in Q4.7. Other responses on accountability made reference on how to attract investors. Some candidates simply explained the meaning of 'transparency'. There were a few who did not attempt this question.
- (h) In Q4.8.1 many candidates provided punitive strategies on how businesses can deal with pricing of goods in the rural areas and abuse of work time. They were only awarded a maximum of 2 instead of 4 marks for an incomplete answer. Some responses incorrectly focused on how to increase sales or decrease prices of goods in rural areas.
- (i) Some candidates misinterpreted Q4.8.2 by providing the provisions of the Basic Conditions of Employment Act (BCEA) in terms of hours of work.
- (j) Some candidates had difficulty in making recommendations on how businesses could promote cultural rights in the workplace in Q4.9. Responses were limited to 'cultural activities that must be allowed in the workplace'. Many candidates continue to base their answers on 'allowing employees to practise their culture in the workplace', even though recommendations were made in the 2016 and 2017 diagnostic reports that this fact will not be relevant in this context. Other incorrect responses included the cultures of candidates.

### Suggestions for Improvement

- (a) There are similarities between the problem-solving steps and the strategic management process in terms of formulating, implementing and monitoring the strategy. However, the problem-solving steps focus on how businesses can solve problems, while the strategic management process focuses on developing suitable strategies to respond to the challenges posed by business environments. This process looks at challenges that are caused by both internal and external factors.
- (b) Teachers are advised to commence with this topic by addressing the responsibilities of employers in protecting the workplace environment before proceeding to the roles of the health and safety representatives in protecting the workplace environment. Learners must be advised that the latter serve as ombudsmen for their members; they do not provide safety measures but they ensure that employees are provided with safety.
- (c) Learners must be exposed to various scenarios and they must be guided on how to respond to questions that are based on these scenarios. In providing regular feedback, learners must be exposed to the marking principles applied to such scenarios.

- (d) Learners should be encouraged to write full sentences when responding to how the Delphi technique should be applied in the workplace. It should be noted that the words 'questionnaire and feedback report' appears three times in the marking guidelines, but in different contexts. Learners can easily obtain marks if they understand the nature and context of these concepts.
- (e) Teachers are advised to identify key words that could assist learners to elaborate on the advantages of creative thinking in the workplace. Creative thinking benefits both the business and employees. This topic should not be confused with the benefits of diversity in the workplace as the focus is on the advantage of new and innovative ideas rather than diversity.
- (f) Businesses are expected to measure the impact of CSI projects on their operation. Therefore, learners must be able to explain how these projects benefit businesses instead of giving examples of CSI projects.
- (g) The meaning of 'transparency' and 'accountability' must be explained within the King Code principles for good corporate governance. Teaching and learning must focus on how businesses should apply the three principles that are stated in the 2020 examination guidelines. To recap, 'transparency focuses on reports, processes and policies', while 'accountability focuses on management, shareholders and auditors'. These key words should be used to explain how businesses can apply these principles in the workplace.
- (h) Learners must be advised to refrain from writing negative strategies on how businesses can deal with each type of unethical and unprofessional business practice. They need to understand the reason why these issues are regarded as unethical or unprofessional. This will enable them to suggest ways in which businesses can deal with each issue.
- (i) Teachers are advised to also focus on other ways in which businesses could promote cultural rights in the workplace. The recommended responses should be to 'encourage employees to participate in cultural activities'.

## QUESTION 5: BUSINESS OPERATIONS

This topic comprises of only two subtopics. Performance of candidates in this question ranged from average to poor. Many candidates only answered questions on Human Resources and did not attempt the questions on Quality Performance.

### Common Errors and Misconceptions

- (a) Many candidates were able to name the sources of external recruitment in Q5.1 but some listed the human resources activities. Others repeated answers using irrelevant examples.
- (b) In Q5.2.1 many candidates quoted the correct examples of job description and job specification from the scenario. Others simply copied the statements in the scenario without classifying them under the correct heading.

- (c) Some candidates confused the role of the interviewee with the role of the interviewer during or before the interview in Q5.2.2. Other responses were based on factors that must be considered when doing a presentation.
- (d) Many candidates did not attempt Q5.3. This topic is also covered under Business Environment. Some responses were based on either the advantages, impact or the purpose of the Skills Development Act on businesses. Many responses were only based on 'train employees'. Others confused this question with the role of SETAs.
- (e) Good performance was noted in Q5.4, even though some candidates' responses were based on the benefits of the Unemployment Insurance Fund (UIF) as a compulsory benefit. Other responses were based on the examples of fringe benefits.
- (f) In Q5.5 many candidates were not able to explain the meaning of 'quality performance'. Some candidates simply copied the meaning of 'quality' from Q1.2.4, even though this was not the correct response. Others confused the meaning of this concept with either quality assurance or control. Most responses were limited to one fact, although this question required candidates to elaborate on this concept.
- (g) Many candidates had difficulty in identifying the correct business function from the scenario in Q5.6. Some stated 'finance function' instead of 'financial function' and others listed the elements of TQM. There were also incidences of the financial function being confused with the administration function mainly due to the word 'record' being read out of context.
- (h) The only shortcoming noted in Q5.7 were the incomplete responses presented. A few candidates confused this question with the quality indicators of the production function.
- (i) Q5.8 was perceived as a difficult question and consequently not attempted by a large percentage of candidates. Those who answered this question provided general statements on the advantages of continuous improvement to processes and systems. Many responses incorrectly identified 'increased customers' as a benefit.
- (j) Although the majority of the candidates performed well in Q5.9, some responses were based on the advantages of quality in general.

### Suggestions for Improvement

- (a) Learners must be made aware that certain examples of external recruitment fall under the same category and marks will be lost if these are repeated. Furthermore, a clear distinction must be made between the sources of internal and external recruitment, as well as between the sources and methods of recruitment. Teachers are advised to make use of columns and tabulations when teaching these topics.
- (b) Scenarios, statements and employment advertisements are useful tools that teachers should use to explain the differences between 'job description' and 'job specification'. They should also provide a detailed description of these concepts.

- (c) Learners must recognise the difference between the words ‘interviewer’ and ‘interviewee’ in relation to the roles of each party during an interview. Practical demonstrations and role-playing activities can be used to enhance understanding. The use of a two-column table listing the differences between the roles of the interviewer and interviewee will assist learners to apply this knowledge to specific scenarios and extracts used in assessment tasks.
- (d) Teachers must revise the different ways in which businesses should comply with the SDA, LRA, BCEA and EEA before teaching the implications of these Acts on the human resources functions. It should be emphasised that the HR function does not train employees, but assists managers in identifying employee training and development needs. The word ‘implications’ in this context would refer to compliance, as the focus is on how the human resources function should comply with each of the above-mentioned Acts in the workplace.
- (e) Learners must be alerted to the fact that businesses would offer lucrative fringe benefits to attract and retain skilled and competent employees. As a practical application exercise, learners must be requested to Google or research different examples of benefits offered by businesses and report on their impact.
- (f) In accepting that the main aim of quality performance is to measure the performance of each function, the teacher must emphasise that every business function is responsible for ensuring that the final product or service is of a good quality standard. A clear distinction must be made between all concepts related to quality, as indicated in the 2020 examination guidelines. Practical examples and video clips can be used to further illustrate the distinctions between each quality concept.
- (g) The teaching and learning process should focus on the quality indicators of each business function. Grade 10 and 11 teachers are expected to provide learners with detailed descriptions, which will be extended in the Grade 12 academic year through adequate instruction and assessment activities.
- (h) Businesses that continuously improve their systems and processes should be used as examples when teaching this topic. The focus should be on how large businesses continually improve their systems and processes. Note that the advantages of this element focus on businesses, while the disadvantages focus on employees.

## QUESTION 6: MISCELLANEOUS

This question assesses all four main topics and consists of direct short questions. Candidates’ performance ranged from average to good. It is pleasing to note that this is the first time that candidates’ performance improved in the miscellaneous question.

### Common errors and misconceptions

- (a) Many candidates were able to name the three types of business environments in Q6.1. Some confused the extent of control over each business environment.

- (b) In Q6.2.1 many candidates were able to identify the Compensation for Occupational Injuries and Diseases Act (COIDA) in the scenario, even though some missed one word in the name. Others confused COIDA with the Occupational Health and Safety Act (OHSA).
- (c) Poor performance was noted in Q6.2.3 as the majority of candidates' responses were limited to either 'payment of fines' or 'imprisonment'. Some candidates simply stated that 'businesses will shut down'.
- (d) Although Q6.3.1 was generally answered well, some candidates confused the concept of 'fixed deposits' with 'compound interest'. Others offered a calculation instead of naming the concept.
- (e) Many candidates performed well in Q6.4 even though some responses related to 'selling shares'. Others confused the word 'securities' with a 'security company', thus affecting the essence of their responses. Some candidates confused this question with the functions of the SA Reserve Bank, a topic that is covered in Economics.
- (f) In Q6.5 the majority of candidates provided only one fact on the situational leadership theory. Some either explained the leadership styles or the qualities of an entrepreneur. The poor quality of responses was disappointing, as this question has been asked many times in past NSC examinations.
- (g) Q6.6 was answered well by many candidates, even though some responses were based on the characteristics of successful teams.
- (h) Although many candidates performed well in Q6.7, some provided very general statements on strategies to deal with HIV/Aids. While others provided negative strategies on dealing with HIV/Aids. These were not relevant. Some candidates went off the topic and offered general ways of dealing with socio-economic issues.
- (i) The majority of candidates had difficulty responding to Q6.8. They confused the advantages of creative thinking with the application of problem-solving techniques and in some cases, with the wellbeing of employees. Candidates were expected to perform well in this question, since it has been asked many times in the NSC examination.
- (j) In Q6.10.1 many candidates could not identify 'retirement' in the scenario. Some used the word 'pension' instead of 'retirement'. They lost marks for the motivation as they could not provide the correct concept applicable to the scenario.
- (k) Many candidates named instead of explaining the reasons for the termination of an employment contract in Q6.10.2.
- (l) In Q6.11 some candidates simply listed aspects that must be included in the induction programme and the benefits of induction instead of the purpose of induction.

### Suggestions for Improvement

- (a) Teachers must explain the reason why businesses may have full control, partial control or no control over the three business environments. Teachers are advised to refer to the elements or features of each business environment when explaining the extent of control over each environment. This will enable learners to identify business environments and explain the extent of control from given scenarios and statements.

- (b) A clear distinction must be made between COIDA, which deals with workplace injuries and diseases, and OHSA, which deals with safety in the workplace. Learners must be reminded that OHSA was covered in Grade 11 and that they must learn and use the correct words when requested to give the full name of COIDA.
- (c) As stated in other sections above, learners must be constantly encouraged to write full responses on how businesses can comply with the eight Acts. In addressing the compliance to Acts, it will be necessary to elaborate on the reasons for 'fines' and 'imprisonment' in serious cases of non-compliance.
- (d) Teachers must provide detailed descriptions of the different type of investment and ensure that this topic is adequately taught and assessed during the academic year. Learners can be requested to visit financial institutions and conduct research on types of investments, their risk factors and the impact on businesses.
- (e) Learners must be encouraged to recommend correctional and positive strategies that are developmental rather than punitive in nature. This recommendation was also mentioned in previous diagnostic reports.
- (f) Learners' knowledge on the situational leadership theory must be extended through the use of key words such as 'task', 'relationships' and 'analysis'. It should be noted that leaders use this theory to choose an appropriate leadership style that is relevant to current situation.
- (g) A clear distinction must be made between the 'criteria' and the 'characteristics' for successful team performance. Learners are expected to name and explain the four criteria for successful teams, as outlined in the 2020 examination guidelines. The criteria for successful teams are embedded in their characteristics. It is therefore necessary to recap the characteristics first, before explaining the criteria for successful teams.
- (h) Teachers must ensure that learners' knowledge on how businesses can deal with HIV/Aids are not limited to HIV awareness campaigns and programmes. Learners must also be able to suggest other relevant strategies covered in the previous grades.
- (i) Teaching and learning should focus on how businesses should stimulate creative thinking in the workplace before learners are taught the advantages of creative thinking. Teachers are advised to use key words such as 'suggestions box', 'training', 'job swapping', 'experiments' and 'reward schemes' when teaching this topic. Learners could be requested to bring articles on businesses that have stimulated creative thinking in the workplace to be used in class discussions.
- (j) Learners must be taught to name and explain each reason for the termination of an employment contract. They should also be informed that they will lose marks for using the word 'pension' instead of 'retirement'. It must be noted that pension is a fund and not the reason for terminating an employment contract.
- (k) A clear distinction must be made between the purpose, aspects and benefits of induction. It is important to understand the purpose of induction before unpacking the aspects that must be included in an induction programme, as some vital aspects for inclusion may be embedded in the purpose. Here again, learners must be reminded to provide complete sentences when responding to questions on the purpose of induction to avoid losing marks unnecessarily.

## SECTION C: ESSAY QUESTIONS (TWO QUESTIONS TO BE ANSWERED)

### QUESTION 7: BUSINESS ENVIRONMENT: BUSINESS STRATEGIES

This question appeared to be less popular as many candidates did not choose it. Those who answered this question performed very well. A possible reason for the good performance could be attributed to the fact that this question was set on business strategies instead of legislation, which is more prescriptive. It also indicates that teaching and learning of this topic is improving.

#### Common Errors and Misconceptions

- (a) Q7.2 revealed many incomplete responses. Some parts of candidates' responses incorrectly included problem-solving steps and strategy-evaluation steps.
- (b) In Q7.3 candidates confused the meaning of 'divestiture' with 'liquidation'. Others simply listed all types of business strategies in inappropriate contexts. In some cases, the concept 'liquidity' was used instead of 'liquidation'. Other responses were based on the types of intensive strategies, which were not asked in this question paper.
- (c) In Q7.4 some candidates were only able to name the application of the Porter's Five Forces model without rendering any valid explanation. Some simply explained the meaning of each force, while others provided strategies on how businesses could deal with each force. A significant number of candidates could not explain 'competitive rivalry and barriers to new entrants in the market'.
- (d) Many candidates still confuse the steps in evaluating a strategy with the problem-solving steps in Q7.5. This error remains a challenge, even though recommendations were made in all previous diagnostic reports on how to approach this topic during teaching and learning. Some candidates repeated the strategic management process that was written in Q7.2.

#### Suggestions for Improvement

- (a) The strategic management process includes all subtopics that must be taught under business strategies. It is imperative that all learners understand these processes so that they are able to understand the rationale behind the formulation and evaluation of business strategies. It should be noted that business strategies are aimed at addressing the challenges posed by business environments. This is why businesses must use the industrial analysis tools to scan these environments.
- (b) Learners must understand the meaning of 'defensive', as used in this context. Essentially, this implies that businesses are not doing well and they must develop strategies in order to survive. At this point, it will be necessary to reiterate that liquidation is not the same as liquidity. This is the reason why liquidation is regarded as the last type of a defensive strategy.
- (c) A clear distinction must be made between 'divestiture' and 'liquidation', as both strategies are aimed at selling the business assets to pay creditors. Divestiture deals with selling some unproductive business assets, while all assets are sold when the businesses become insolvent (liquidation).

- (d) Businesses apply Porter's Five Forces model in order to analyse their position in the market. It must be made clear that this model is used as a research instrument rather than strategies to increase sales and market share. The model assists businesses to answer questions such as how and what makes buyers, competitors and suppliers have power over the business. It should also be noted that the word 'power' is used three times, while 'threat' is used twice in this model. Learners should be advised that a definition of each force is not sufficient to answer this question. They must also provide valid explanations on how businesses should apply this model.
- (e) Teachers are advised to use practical examples when explaining the steps in strategy evaluation. This will enhance understanding in this regard. It is must be noted that responses such as 'formulate and implement the strategy' no longer form part of strategy- evaluation. Refer to page 10 of the 2020 exam guidelines.

## QUESTION 8: BUSINESS VENTURES: PRESENTATION AND INSURANCE

Candidates' performance ranged from average to poor. This is a concern, as three of the four subtopics are perceived as less challenging and were asked in past NSC examinations.

### Common errors and misconceptions

- (a) In Q8.2 some candidates confused the factors that must be considered *during* the presentation with either *before* or *after* a presentation, while others confused the roles of the interviewee during the interview.
- (b) In Q8.3 many candidates confused the principles of insurance with either examples of long-term insurance or compulsory insurance. Some responses were based on either the importance of insurance on businesses or the differences between insurance and assurance. Others could name the principles of insurance, but offered vague or incomplete explanations. Some candidates focused on insurable risks instead of insurable interest.
- (c) The majority of candidates were not able to evaluate the impact of a PowerPoint presentation in Q8.4. This topic remains a challenge in all NSC/SC examinations. Many responses were based on the impact of any type of visual aid without focusing on a PowerPoint presentation, and some responses were based on the impact of interactive whiteboards.
- (d) Many candidates performed poorly in Q8.5 even though this question was asked many times in past NSC question papers. They provided general statements and confused this question with handling feedback in a professional and non-aggressive manner. Some wrote one-word answers in this question.

### Suggestions for Improvement

- (a) Teachers should explain the relationship between factors that must be considered before and during a presentation. Learners must be taught to identify the relationship between these factors to realise the logic that a presenter must first prepare a presentation before presenting it. It must be noted that the word 'visual aids' appears three times, i.e. before, during and after the presentation. Learners must know the context in which this word is used in relation to each type of presentation. They should refrain from writing 'dress code' when making a presentation, as this phrase is not acceptable.

- (b) Teachers must use relevant examples and demonstrations when teaching the principles of insurance. Identify key words that will enable learners to remember the explanation of each principle. Furthermore, teachers are advised to make four columns using simple statements when explaining each principle. Learners must be advised to include examples of each insurance principle, as this forms part of the expected answer.
- (c) All relevant types of visual aids and their impact on businesses must be taught and discussed at length. It should be appreciated that the use of visual aids serves to enhance effective presentation of business information. Learners must be provided with explanations so that they do not confuse a PowerPoint presentation with interactive smartboards. Smartboards and projectors can be used to demonstrate this difference, as well as the impact of a PowerPoint presentation.
- (d) Learners must be advised that a presenter would usually consider areas of improvement in the next presentation by evaluating the effectiveness of a previous presentation. This step is termed 'reflection'. This is why some of the points that must be considered before and during the presentation are repeated in this topic, in a different context.

## QUESTION 9: BUSINESS ROLES: TEAM PERFORMANCE AND CONFLICT MANAGEMENT

Responses to this question ranged from good to average. The question consisted of four subquestions that have all been asked in past NSC examinations. Furthermore, some subquestions required candidates to first name the fact before providing an explanation. Many candidates obtained a maximum of 15 marks just for naming facts without explanation.

### Common errors and misconceptions

- (a) In Q9.2 some candidates simply used numbers to name the stages of team development. Others confused the stages of team development with the criteria for successful teams. The explanation of 'storming' was vague, as many responses were based on 'when employees start fighting'.
- (b) In Q9.3 some candidates only mentioned the causes of conflict without rendering an explanation. Some confused this question with either the grievance procedure or problem-solving steps. Others provided solutions for each cause of conflict, even though this was not required. Some explained causes of conflict that were not related to the workplace.
- (c) Poor performance was noted in Q9.4 as many candidates provided vague and incomplete responses on conflict resolution techniques. Some still confused this topic with the problem-solving steps. Others linked the conflict the resolution techniques with the causes of conflict, as discussed in Q9.3.
- (d) Many candidates chose option 2 of Q9.5 since this option has been assessed many times in the past NSC examinations. Others provided vague and incomplete responses on dealing with difficult people in the workplace. Some strategies concentrated only on dealing with an aggressive person, while other responses were on negative strategies.

## Suggestions for Improvement

- (a) Learners are expected to understand the sequential order of activities that take place at each stage of team development. Teachers are advised to also provide alternative words for norming, performing and adjourning as per the 2019 marking guideline. Learners must be taught how to differentiate between norming and performing stages, as they usually swap the answers for these stages. It should also be noted that team members must first complete their task before dissolving during the adjourning stage.
- (b) A clear distinction should be made between the meaning of a 'conflict' and a 'grievance'. This will enable learners to understand the differences between the conflict resolution steps and the grievance procedure. The former refers to two people, while the latter refers to one person. Hence the steps are not the same. Furthermore, the differences between the conflict resolution steps and the problem-solving steps are that conflict resolution is about people, while problem-solving is about solving a particular business problem.
- (c) Teachers are advised to teach option 1 and 2 of dealing with difficult people in the workplace. The first option focuses on dealing with difficult people, while the second one focuses on dealing with difficult personalities. Furthermore, businesses set deadlines and instructions on how difficult people and personalities should change their behaviour. Learners must be discouraged from writing negative statements on how to deal with difficult employees and personalities.

## QUESTION 10: BUSINESS OPERATIONS: TOTAL QUALITY OF PERFORMANCE

The responses of candidates to this question ranged from fair to poor. Candidates were expected to perform better in this question, as three out of four subquestions were asked in the 2018 November NSC question paper. Many candidates did not choose this question. The topic on Total Quality Management/TQM still remains a challenge to many candidates, as stated above.

### Common Errors and Misconceptions

- (a) Q10.2 was fairly answered by many candidates, even though some responses were incomplete.
- (b) Although candidates were able to explain the differences between 'quality control' and 'quality assurance' in Q10.3, they could only provide one fact instead of two for each concept. Candidates were expected to perform better in this question' as it has always been asked in past question papers.
- (c) The majority of candidates could not discuss the impact of TQM elements on a large business in Q10.4. They confused the impact of continuous skill development as a TQM element with the impact of the Skills Development Act on businesses. Many responses were based on customer satisfaction, increased sales and profitability, which were not correct.
- (d) Poor performance was noted in Q10.5 as the majority of candidates' responses were limited to two facts in this question. They could not suggest alternative ways in which TQM can reduce the cost of quality. Some confused this question with the quality indicators of the purchasing function. Others confused this question with the impact of TQM if poorly implemented by businesses.

## Suggestions for Improvement

- (a) Learners must be encouraged to write full sentences on the benefits of a good quality management. This will enable them to earn good marks as this topic is better understood.
- (b) Practical examples should be given on the differences between 'quality control' and 'quality assurance'. They should be encouraged to provide a detailed analysis of each concept. It should be noted that quality assurance cannot be done before quality control, as the quality of machinery, employees and raw materials must first be checked before production takes place.
- (c) Teachers are advised to teach the impact of TQM elements on large businesses by answering the how part, e.g. how large businesses implement these TQM elements and what the disadvantages are of implementing these elements.
- (d) Furthermore, teaching and learning should only focus on TQM elements that are outlined in the 2020 examination guidelines with specific reference to large businesses. Refer to page 16 of the 2020 exam guidelines
- (e) Learners must know that the main reason why businesses implement TQM elements is to reduce the cost of quality. This is why this topic demands a detailed explanation. It must be noted that the point 'businesses work closely with suppliers in order to improve the quality of material' is applicable to both 'cost of reduction' and 'quality within purchasing function'. Teachers must ensure that the distinction is clearly explained in class discussions.
- (f) Content training on 'quality of performance' must be conducted in 2020 so that learners are adequately prepared for Paper 1. Teachers must encourage learners to study these topics and track their performance in formal and informal assessment tasks. This topic must be remediated to learners until they gain insight.

